

## Message Text

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ACTION NEA-13

INFO OCT-01 ISO-00 AID-20 EB-11 AGR-20 TRSE-00 SS-20 NSC-10

SPC-03 L-03 H-03 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

RSC-01 USIA-15 PRS-01 SAM-01 OMB-01 EA-11 EUR-25 IO-14

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R 011133Z FEB 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 490

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EO 11652: N/A

TAGS: ECON, CE

SUBJ: SRI LANKA FOOD SITUATION: END JANUARY 1974

REF A. COLOMBO 3134 B. COLOMBO 3020

1. SUMMARY: GSL HAS ANNOUNCED RICE RATION WILL BE CUT BACK TO FREE HALF-MEASURE FEB 1. WHEAT FLOUR ALLOCATIONS UNCHANGED. DETAILED MID-JAN FOOD COMMISSIONER (FCQ FIGURES SHOW GSL JUST CAPABLE SERVICE RICE RATION THROUGH MAHA HARVEST. END SUMMAR.

2. RICE: GSL HAS STOPPED ISSUE OF SECOND HALF-MEASURE (ONE POUND) RICE AT RS. 1 AS OF FEB 1, LEAVING RICE RATION AT FREE HALF-MEASURE TO ALL NON-TAXPAYERS (TAXPAYERS PAY RS 1). JAN 26 CEYLON DAILY NEWS CITED SFREIGN AND INTERNAL TRADE MINISTER ILANGARATNE AS SAYING TEMPORARY WITHDRAWAL IS NECESSARY BECAUSE SUPPLY SITUATION DID NOT IMPROVE DURING JANUARY, SPECIFICALLY POINTING OUT MAIN CUASE AS SHORTFALL IN PADDY MARKETING BOARD (PMB) PROCUREMENT FROM FARMERS. (PRESENT GUARANTEED PRICE OF RS. 25 PER BUSHEL PADDY COMPETES WITH PRIVATE TRADE PRICE OF RS. 32-36) ILANGARATNE PREDICTED BETTER SITUATION WHEN MAHA CROP HARVEST BEGINS IN MARCH, SAYING "THEN RATION MAY BE INCREASED BY HALF MEASURE, FULL MEASURE OR EVEN MEASURE

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AND HALF, ACCORDING TO AVAILABILITY SUPPLIES." (REALITIES OF

FOOD SITUATION MAKE THIS STATEMENT ALMOST PURE-POLITICAL BLUSTER.)  
ON JAN 31, HE TOLD PRESS HALF-MEASURE WOULD BE RESTORED IN APRIL  
BEFORE BUDDHIST AND HINDU NEW YEAR HOLIDAYS.

3. IN MID-JAN FC PROVIDED UPDATED FIGURES ON GRAIN STOCK/  
CONSUMPTION/PROCUREMENT THROUGH MARCH-APRIL, POINTING OUT THAT  
ONLY HALF-MEASURE RATION COULD BE SERVICED UNTIL PMB RESUMED  
PURCHASES FROM MAHA HARVEST. SUMMARIZED RICE FIGURES ARE AS  
FOLLOWS (LONG TONS):

JAN 1, 1974

STOCK	64,000
DISTRIBUTION (FREE HALF-MEASURE PLUS RS 1 HALF-MEASURE)	50,000

BALANCE 14,000

IMPORTS (PRC) 9,000

FEB GNC 1974 STOCK 23,000

FEB 1 -MAY 1 IMPORTS (ALL PRC)  
70,000

TOTAL RICE AVAILABLE 93,000

FEB 1 -MAY 1 RATIONED DISTRIBUTION  
(AT 25,000 MONTHLY FOLLOWING  
FEB 1 CUT) 75,000

MAY 1 STOCK 18,000

4. THUS GSL RICE SITUATION COULD NOT BE TIGHTER. PRESS  
HAS ALLEGED HOARDING WHICH MAKES SENSE WITH LOWER RETAIL PRICES  
(ABOUT RS 3 TO 3.5 PER TWO-POUND MEASURE) SINCE MID-DEC. SINCE  
RATION CUT ANNOUNCED JAN 26 PRICE HAS RISES TO RS 4 TO 5, WHICH  
DOUBTLESS WILL DRAW OUT PRIVATELY-HELD STOCKS.

5. WHEAT: BREAD-CARD AND FLOUR-RATIONING SYSTEM NOW APPARENT-  
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LY WORKING SMOOTHLY ALTHOUGH SHORT QUEES REAPPEARING FOR LEFT-  
OVER BREAD. HEREWITH SUPPLY SITUATION AS OF MID-JAN ACCORDING  
TO FC (LONG TONS):

JAN 1, 1974 STOCK 17,000

IMPORTS 49,000

FLOUR AVAILABLE 66,000  
DISTRIBUTION (BREAD VIA BAKERIES PLUS  
RATION AT ONE POUND PER WEEK  
PER HEAD) 45,000

FEB 1, 1974 STOCK 21,000

FEB - -MAY 1 IMPORTS 138,000

FEB - -MAY 1 FLOUR AVAILABLE 159,000

FEB 1 -MAY 1 DISTRIBUTION 135,000

MAY 1, 1974 STOCK 24,000

JAN 1 - MAY 1 SOURCES: FRENCH 34,200 (COMMERCIAL AND 6600 GIFT); SINGAPORE 20,900 (COMMERCIAL); ITALY 21,100 (COMMERCIAL); CANADA 9300 (GIFT); EEC 6600 (GIFT); AUSTRALIA 20,200 (COMMERCIAL CREDIT); FRG 13,000 (GIFT); SOUTH AFRICA 12,000 (COMMERCIAL); PL 480 10,000. (NOTE: FC FIGURES DO NOT PRECISELY RECONCILE.)

6. DESPITE CONTINUING SEVERE FOREIGN EXCHANGE POSITION, NOW WORSENER BY OIL, FC PERIODICALLY ISSUING TENDERS FOR CASH/CREDIT FLOUR. THUS IT SEEM CLEAR GSL PLANS TO MAINTAIN ESTABLISHED FLOUR DISTRIBUTION RATE, AT LEAST IN NEAR TERM, IN VIEW SUSTAINED NATURAL DEMAND, NUTRITIONAL NECESSITY, AND CONTINUING SHORTAGE OF RICE. (SEE, HOWEVER, COLOMBO 340, REPORTING FINANCE MINISTER'S INDICATION WHEAT FLOUR MAY BE TAKEN OFF RATION APRIL 1.)

7. RICE RATION CUT ALONG APPEARS TO HAVE AROUSED LITTLE OPPOSITION OR POPULAR PROTEST, PERHAPS BECAUSE PEOPLE NOW LIMITED OFFICIAL USE

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ACCUSTOMED TO GSL FREQUENTLY ADJUSTING FOOD DISTRIBUTION PATTERNS TO MEET CURRENT CONDITIONS. CEYLON WORKERS CONGRESS (CWC) HAS APPEALED TO GSL NOT TO CUT SECOND HALF-MEASURE FOR PLANTATION WORKERS. FC HAS AID THAT PLANTATION WORKER FEEDING IS VERY DIFFICULT, DAY-TO-DAY PROBLEM. HOWEVER, GSL PROBABLY NOW FOLLOWING POLICY OF PROVIDING RICE TO ALL OR NONE FOLLOWING FAILURE OF SELECTIVE DISTRIBUTION TO RICE DEFICIT AREAS IN DECEMBER. THERE CERTAINLY IS NO REAL IMPROVEMENT IN CEYLONSE FOOD SITUATION OR PROSPECTS, BUT GSL APPEARS TO BE MANAGING ITS VERY SCARCE RESOURCES WELL, BOTH IN NUTRITIONAL AND POLITICAL TERMS.

VAN HOLLEN

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## Message Attributes

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